

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07

NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04

EPG-02 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01

DODE-00 PA-01 PRS-01 L-03 H-01 SSO-00 NSCE-00

USIE-00 INRE-00 EURE-00 /081 W

-----031803Z 057268 /45

O R 031648Z JUN 77

FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 1655

INFO USDOC WASHDC

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E.O. 11652: N/A

TAGS: EINV,PO

SUBJECT: AMERICAN INVESTMENT PROBLEMS

REF: A) LISBON 4236, B) LISBON 3306

C) LISBON 2365, D) LISBON 1321

1. GENERAL INSTRUMENTS LUSITANA S.A.R.L. (GIL)
AFTER LENGTHLY, COMPLICATED NEGOTIATIONS GIL AND GOP
SIGNED AGREEMENT ON MAY 26 PERMITTING GIL TO CONTINUE
OPERATIONS IN PORTUGAL. BASIS OF COMPROMISE IS 50 PERCENT
REDUCTION IN FINE FOR INFRACTIONS IN PAYMENT OF CUSTOMS DUTIES
AND GOP GRANT OF PRODUCTION SUBSIDY OF UP TO 12,500,000 ESCUDOS
IN ORDER TO SUPPORT GIL EFFORTS TO INCREASE SALES
AND MAINTAIN EMPLOYMENT LEVELS. ANNEX TO AGREEMENT IMPLIES
GIL RIGHT TO LAY-OFF 25 PERCENT OF LABOR FORCE BUT FIRM
DELEGATED TO FOLLOW ALL LEGAL PROCEDURES IN ANY RIF. GIL
COMMITTED TO UNDERTAKE ECONOMIC FEASIBILITY STUDIES OF
MANUFACTURING NEW PRODUCTS AND VERTICALLY INTEGRATING CURRENT
PRODUCTS.

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2. COMMENT: GIL OFFICIALS APPARENTLY SATISFIED WITH
SETTLEMENT. THEY NOW BEGINNING EXPLORATION OF POSSIBLE
NEW PRODUCT LINES AND DO NOT PLAN TO REQUEST WORKERS
LAY-OFF IMMEDIATELY. THIS INVESTMENT PROBLEM
SHOULD BE MOVED TO INACTIVE STATUS. (AGREEMENT
POUCHED BY AIRGRAM.)

3. ITT - OLIVA

2,500 WORKERS AT OLIVA WENT ON STRIKE BEGINNING MAY 31 TO PROTEST NON-PAYMENT OF 13TH MONTH BONUS (WHICH HAS BEEN OVERDUE SINCE DECEMBER 1976). WORKERS HELD PRESS CONFERENCE ON JUNE 1 TO NOTE CONCERN ABOUT PROGRESS OF ITT-GOP DISCUSSIONS AND NON-PARTICIPATION OF WORKERS REPRESENTATIVES, AND TO ATTACK BANKING SYSTEM FOR RESTRICTING CREDIT. WORKERS WILL HOLD MEETING ON JUNE 6 TO DETERMINE WHETHER STRIKE WILL CONTINUE. THERE ARE NO REPORTS OF ANY VIOLENCE ACCORDING CONSUL OPORTO.

4. A.H. LUNDBERG LDA. - REF C

EMBASSY HAS RECEIVED MAY 24 LETTER FROM A.H. LUNDBERG ASSOCIATES, INC. OF MERCER ISLAND, WASHINGTON REQUESTING EMBASSY INTERVENTION TO DETERMINE PRESENT STATUS OF DESINTERVENTION OF FIRM. EMBASSY WILL REPORT DETAILS ASAP.

5. FORTIS OTIS ELEVATOR (REF B, C, D)

REF C NOTED THAT MINISTRY OF INDUSTRY TECHNICAL LEVEL OFFICIALS HAD DETERMINED THAT OTIS PORTUGUESA, BOTH TECHNICALLY BANKRUPT AND ECONOMICALLY UNVIABLE, NOT WORTH SAVINGS. IN APRIL 1976 OTIS OFFICIALS WERE INTERESTED IN REVIVING FIRM AND SPENT SEVERAL WEEKS IN LISBON REVIEWING ECONOMIC/FINANCIAL STATUS.

6. ACTION: EMBASSY REQUESTS DEPARTMENT CONTACT OTIS ELEVATOR TO DETERMINE CURRENT ATTITUDE REGARDING PORTUGUESE FACTORY. SHOULD OTIS BE INTERESTED EXPLORING LIMITED OFFICIAL USE

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POSSIBLE SOLUTION TO PROBLEM, INCLUDING BANKRUPTCY AND LIQUIDATION, EMBASSY WILLING TO RAISE SUBJECT WITH GOP.
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Message Attributes

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Control Number: n/a
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Sent Date: 03-Jun-1977 12:00:00 am
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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